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FILED IN THE
 U.S. DISTRICT COURT
 EASTERN DISTRICT OF WASHINGTON

DEC 12 2001

JAMES R. LARSEN, CLERK
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UNITED STATES DISTRICT COURT
 EASTERN DISTRICT OF WASHINGTON
 AT SPOKANE

NUVEEN QUALITY INCOME MUNICIPAL
 FUND, INC; etc., et al,

Plaintiffs,

v.

PRUDENTIAL SECURITIES INC., et al.,

Defendants,

v.

CITY OF SPOKANE,

Third-Party Plaintiff,

v.

ROY J. KOEGEN, et ux, et al,

Third-Party Defendants,

No. CS-01-0127-EFS

Consolidated with:

No. CS-01-0128 EFS

ANSWER OF R.W. ROBIDEAUX &
 COMPANY TO AGIC COMPLAINTS IN
 INTERVENTION

Defendant R.W. Robideaux & Company (hereinafter "Defendant") responds to the Plaintiff-Intervenor Asset Guaranty Insurance Company's Complaints in Intervention (the "Complaints") in the consolidated matters of *Nuveen Quality Income Municipal Fund, Inc., et al. v. Prudential Securities, Inc., et al.*, No. CS-01-0127, and *U.S. bank Trust National Association v. Prudential Securities, Inc., et al.*, No. CS-01-0128, as follows:

ANSWER OF R.W. ROBIDEAUX & CO. TO AGIC
 COMPLAINTS IN INTERVENTION - Page 1

ORIGINAL

LAW OFFICES OF
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1 1. Defendant admits that this Court has jurisdiction over AGIC's claims in intervention
2 alleged to arise under the Securities Exchange Act of 1934. Defendant otherwise denies the
3 averments in paragraph 1.

4 2. Defendant admits that venue lies in this Court.

5 3. Answering paragraph 3, Defendant admits that AGIC is an insurer of municipal bonds
6 with offices in New York. Defendant otherwise lacks knowledge or information sufficient to form a
7 belief as to the truth or falsity of the averments in paragraph 3.

8 4. Answering paragraph 4-19, Defendant incorporates as if fully set forth here its
9 responses to the averments and claims for relief set forth in the complaints filed by plaintiffs in these
10 matters.

11 5. Answering paragraph 20, Defendant admits that plaintiffs have brought claims against
12 the Defendant in this action, seeking relief as set forth in plaintiffs' Complaints. Defendant denies
13 AGIC has incurred damages. Defendant lacks knowledge or information sufficient to form a belief as
14 to the truth or falsity of remaining averments in paragraph 20.

15 6. Defendant denies the averments in paragraph 21 insofar as they pertain to the R.W.
16 Robideaux & Company, and in so far as they pertain to others lacks knowledge or information
17 sufficient to form a belief as to the truth or falsity of the averments.

18 7. Paragraph 22 contains no averments requiring an answer.

19 8. Answering paragraphs 23-34, Defendant admits that Prudential participated in the
20 preparation of the Preliminary Official Statement and the Official Statement for the Bonds. Defendant
21 lacks knowledge or information sufficient to form a belief as to the truth or falsity of averments
22 regarding the state of mind of Prudential. Defendant denies that the POS and OS were false and
23 misleading, and denies that Defendant provided false and/or misleading assumptions to Walker.
24 Except as specifically admitted here, Defendant otherwise denies the averments in paragraph 23-34.

25 9. Answering paragraph 35, Defendant admits that Foster Pepper acted as counsel for the
26 underwriter, and that it issued an opinion letter on or about September 24, 1998. Defendant lacks

1 knowledge or information sufficient to form a belief as to the truth or falsity of averments of
2 paragraph 35 regarding the knowledge or state of mind of Foster Pepper or of AGIC. Defendant lacks
3 knowledge or information sufficient to form a belief as to the truth or falsity of the averment that
4 Foster Pepper provided documents to AGIC. Except as specifically admitted here, Defendant denies
5 the averments in paragraph 35.

6 10. Answering paragraph 36, Defendant admits that the Foundation assisted in the
7 preparation of the POS and the OS and that it issued the bonds. Defendant lacks knowledge or
8 information sufficient to form a belief as to the truth or falsity of averments regarding the state of
9 mind or knowledge of the Foundation or of AGIC. Except as specifically admitted here, Defendant
10 denies the averments in paragraph 36.

11 11. Answering paragraph 37, Defendant admits that Preston Gates acted as issuer's counsel
12 and issued an opinion letter on September 24, 1998. Defendant lacks knowledge or information
13 sufficient to form a belief as to the averments regarding the state of mind or knowledge of Preston
14 Gates or AGIC. Except as specifically admitted here, Defendant denies the averments in paragraph
15 37.

16 12. Answering paragraph 38, Defendant admits that Walker issued the Feasibility
17 Analysis. Defendant lacks knowledge or information sufficient to form a belief as to the truth or
18 falsity of the averments regarding the state of mind or knowledge of Walker. Except as specifically
19 admitted here, Defendant denies the averments in paragraph 38.

20 13. Answering paragraph 39, Defendant lacks knowledge or information sufficient to form
21 a belief as to the truth or falsity of the averments regarding Walker's or AGIC's state of mind or
22 knowledge. Defendant otherwise denies the averments in paragraph 39.

23 14. Answering paragraph 40, Defendant admits that it served as an agent for Developers in
24 specified aspects of the redevelopment; denies that it conspired with the City and Developers for any
25 purpose; and denies that it provided or induced anyone to rely on any false or misleading assumptions.
26 Defendant lacks knowledge or information sufficient to form a belief as to the truth or falsity of the

1 averments regarding the knowledge or state of mind of the City. Defendant denies the remaining
2 averments in paragraph 40.

3 15. Answering paragraph 41, Defendant admits that the City engaged Auble & Associates
4 and Daniel E. Barrett to provide analyses with respect to the Garage, and that the analyses were set
5 forth in written reports provided to the City. Defendant lacks knowledge or information sufficient to
6 form a belief as to the truth or falsity of the averments regarding the knowledge or state of mind of the
7 City. Except as specifically admitted here, Defendant denies the averments in paragraph 41.

8 16. Answering paragraph 42, Defendant admits that the City continued to proceed with the
9 proposed transaction after having received the reports of Auble & Associates, Barrett, Coopers &
10 Lybrand, and the Sabey Corporation. Defendant asserts that those reports speak for themselves and
11 Defendant denies the averments of paragraph 42 insofar as they are inconsistent with the texts of those
12 reports. Defendant lacks knowledge or information sufficient to form a belief as to the truth or falsity
13 of the averments in paragraph 42 regarding the knowledge or state of mind of the City. Except as
14 specifically admitted here, Defendant denies averments in paragraph 42.

15 17. Answering paragraph 43, Defendant admits that the City enacted the Ordinance on
16 January 27, 1997; that the Ordinance obligated the City to provide loans to the Authority in the event
17 that Parking Revenues were insufficient to make Ground Lease Payments and pay Operating
18 Expenses, all as set forth in the Ordinance; and that the City enacted the Ordinance acknowledging
19 that there might be a shortfall in the revenues generated by the Garage. Defendant lacks knowledge or
20 information sufficient to form a belief as to the truth or falsity of the averments in paragraph 43
21 regarding the knowledge or state of mind of the City. Defendant further admits that the City has
22 subsequently asserted a construction of the Ordinance that is inconsistent with the City's
23 contemporaneous expressions regarding the construction of the Ordinance; that the City now asserts
24 that the City Council must vote again to authorize loans to the Authority notwithstanding that the
25 events triggering the loan obligation have occurred, and that the City now asserts that it may refuse to
26 make the loans described in the Ordinance. Defendant denies that at the time of the enactment of the

1 Ordinance or at the time of the issuance of the Official Statement, the City or any representatives
2 thereof believed that the defenses, which the City is currently asserting to the enforcement of the
3 Ordinance, existed. Except as otherwise specifically admitted here, Defendant denies the averments
4 in paragraph 43.

5 18. Answering paragraph 44, Defendant admits that City attorney Jim Sloane issued an
6 opinion letter in connection with the issuance of the Bonds, and further states that the opinion letter
7 speaks for itself, and denies the averments of paragraph 44 insofar as they are inconsistent with the
8 text of the opinion letter. Defendant lacks knowledge or information sufficient to form a belief as to
9 the truth or falsity of the averments regarding the knowledge or state of mind of Sloane or the City,
10 and as to the averment that the City's Opinion Letter was separately issued to AGIC. Except as
11 specifically admitted here, Defendant denies the averments in paragraph 44.

12 19. Answering paragraph 45, Defendant admits that Perkins Coie LLP acted as special
13 counsel to the City, and that Perkins Coie issued an opinion letter in connection with the issuance of
14 the Bonds. Defendant further states that the Perkins Coie Opinion Letter speaks for itself, and denies
15 the averments in paragraph 45 insofar as they are inconsistent with the text of the Perkins Coie
16 Opinion Letter. Defendant lacks knowledge or information sufficient to form a belief as to the truth or
17 falsity of the averments in paragraph 45 regarding the knowledge or state of mind of the City or
18 AGIC, and as to the averment that the Perkins Coie Opinion Letter was provided to AGIC. Except as
19 specifically admitted here, Defendant denies the averments in paragraph 45.

20 20. Defendant denies the averments in paragraph 46.

21 21. Defendant denies the averments in paragraph 47.

22 22. Answering paragraph 48, Defendant admits that the Authority included members of the
23 City Council and participated in the operation of the Garage. Defendant lacks knowledge or
24 information sufficient to form a belief as to the truth or falsity of the averments in paragraph 48
25 regarding the knowledge or state of mind of the Authority. Except as specifically admitted here,
26 Defendant denies the averments in paragraph 48

23. Answering paragraph 49, Defendant repeats its responses to the preceding paragraphs of the AGIC Complaints and incorporates them here by reference.

24. Defendant denies the averments in paragraph 50 through 58, except that, as to the second, third, fourth and fifth sentences in paragraph 52, Defendant repeats its responses to paragraphs 44, 45 and 48 of the AGIC Complaints and incorporates them here.

25. Answering paragraph 59, Defendant repeats its response to the preceding paragraph of the AGIC Complaints and incorporates them here by reference.

26. Answering paragraph 60 through 76, Defendant admits that Prudential acted as underwriter with respect to the Bonds; that Foster Pepper acted as underwriter's counsel, assisted in the preparation of the POS and the OS, and issued an opinion in connection with the issuance of the Bonds; that Walker issued the Feasibility Analysis; that Preston Gates served as counsel to the Foundation and issued an opinion in connection with issuance of the Bonds; that the Authority leased the Garage and subleased the ground from the Foundation; that the City caused the Ordinance to be enacted, that Jim Sloane issued an opinion letter in connection with the issuance of the Bonds, and that Perkins Coie issued the Perkins Coie Opinion Letter. Defendant otherwise denies the averments in paragraph 60 through 76 insofar as they pertain to R.W. Robideaux & Company, and insofar as they pertain to others lacks knowledge or information sufficient to form a belief as to the truth or falsity of the averments.

27. Answering paragraph 77, Defendant repeats its responses to the preceding paragraphs of the AGIC Complaints and incorporates them here by reference.

28. Defendant denies the averments in paragraph 78 through 82 insofar as they pertain to R.W. Robideaux & Company, and insofar as they pertain to others lacks knowledge or information sufficient to form a belief as to the truth or falsity of the averments.

29. Answering paragraph 83, Defendant repeats its responses to the preceding paragraphs of the AGIC Complaints and incorporates them here by reference.

30. Defendant denies the averments in paragraph 84 through 86 insofar as they pertain to R.W. Robideaux & Company, and insofar as they pertain to others lacks knowledge or information sufficient to form a belief as to the truth or falsity of the averments.

ADDITIONAL DEFENSES

A. AGIC's Complaints, and each of their counts, fail to state claims upon which relief may be granted.

B. The negligence or fault of AGIC and/or its insureds serves as a bar to AGIC's claims or, in the alternative, must reduce the damages awarded to AGIC, if any, in proportion to its and/or its insureds' negligence or fault.

C. AGIC's damages, if any, were caused by others over whom Defendant had no control and for whose actions Defendant is not legally responsible. At fault third parties may include the City of Spokane.

D. Defendant did not know, and in exercise of reasonable care could not have known, of the existence of facts by reason of which liability is alleged to exist under Chapter 21.20 of the Revised Code of Washington.

E. AGIC's damages, if any, were caused by intervening or superseding causes for which Defendant are not legally responsible.

F. AGIC's claims are barred by laches and by the applicable statutes of limitations.

Having fully answered the Complaints, Defendant requests that the Court grant the following relief:

1. Judgment dismissing AGIC's Complaints with prejudice;
2. Judgment against AGIC for Defendant's costs and expenses incurred in the defense of the claims in the Complaints, including reasonable attorneys' fees;
3. Such other and further relief as the Court deems just based upon the law and the evidence.

1 DATED this 12th day of December, 2001.
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5 Respectfully submitted,

6 MCNAUL EBEL NAWROT HELGREN
7 & VANCE PLLC

8 By: 
9

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10 Robert D. Stewart, WSBA No. 8998

11 Attorneys for Defendant

12 R.W. Robideaux & Company
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